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CONSOLIDATED BUILDING CORPORATION LIMITED

ANNUAL REPORT for the year ended FEBRUARY 29, 1964

NOTICE OF ANNUAL MEETING

The Annual Meeting of Shareholders of Consolidated Building Corporation Limited will be held on Tuesday, June 9, 1964 at 10 a.m. (Toronto time) in the Regency Room of the Regency Towers Hotel, 89 Avenue Road, Toronto, Ontario, Canada.



ANNUAL REPORT

CONSOLIDATED BUILDING CORPORATION LIMITED 99 Avenue Rd., Toronto 5, Canada

DIRECTORS

JOHN D. FIENBERG	JOHN S. GAIRDNER
J. HOWARD HAWKE	GERALD S. HORGAN, Q.C.
J. IRVING OELBAUM	BEN SADOWSKI, M.B.E.
LAWRENCE SHANKMAN	LOUIS STULBERG
NOEL ZELDIN	

OFFICERS

JOHN D. FIENBERG	- - - - -	<i>Chairman of the Board</i>
NOEL ZELDIN	- - - - -	<i>President</i>
R. L. BROCKINGTON	- - - - -	<i>Executive Vice-President and General Manager</i>
LOUIS STULBERG	- - - - -	<i>Vice-President and Treasurer</i>
LAWRENCE SHANKMAN	- - - - -	<i>Vice-President and Secretary</i>

AUDITORS

BERNARD C. KURTZ & Co. - - - - *Chartered Accountants*

TRANSFER AGENT & REGISTRAR

GUARANTY TRUST COMPANY OF CANADA

Toronto, Montreal, Winnipeg, Vancouver

HIGHLIGHTS

FOR THE YEAR ENDED THE LAST DAY OF FEBRUARY	1964	1963
Profit on Sale of Housing - - - - -	\$ 3,487,456	\$ 2,510,749
Profit on Sale of Building Lots - - - - -	934,667	417,335
Total Revenue - - - - -	4,556,520	3,487,655
Net Profit - - - - -	2,204,555	1,806,649
Net Earnings per common share after payment of preference share dividends - - - - -	55.7¢	45.9¢
Total Assets - - - - -	40,046,799	27,396,243
Total Liabilities - - - - -	29,837,815	18,871,201
Retained Earnings - - - - -	5,079,655	3,647,233

REPORT TO THE SHAREHOLDERS

The Canadian housebuilding industry is entering its most significant period of growth. The future is assured both by a rise in the rate of new family formations, and by government's recognition that housebuilding is of fundamental significance in the development of our country's economy.

Even more dramatic than the development of the industry, is the spectacular expansion of Consolidated Building Corporation Limited, the foremost residential builder in Canada, and one of the leaders on the North American continent.

Consolidated Building Corporation has completed another year of record achievements. Profits from house sales increased by 38.9%, and net income, after taxes, increased 22% to \$2,204,555.

Net earnings, after payment of preference dividends, of 55.7¢ per share on 3,642,348 common shares outstanding as at February 29, 1964, compared to 46¢ per share on 3,549,192 common shares the previous year.

Dividends amounting to \$172,920 were paid on preference shares, Series "A". The payment of quarterly dividends on your Company's common shares was initiated during the year, and shareholders received a total of \$436,903 covering two such quarterly dividends.

In February, 1964, the Company authorized the issue of \$5,000,000 of 6¼% Sinking Fund Debentures, Series "A". The net proceeds of these debentures are to be used principally for the acquisition and development of land for house and apartment construction. The issue involved no dilution of shareholders' equity.

Within the past year, Don Valley Village Limited, a wholly owned subsidiary, purchased for cancellation, \$863,000 of 6½% General Mortgage Bonds.

Your Company purchased all the outstanding shares of Craigowan Estates Limited and subsequently has acquired full ownership of Christie Point Apartments, Victoria, in which it previously held a 50% interest.

Your Company's main activity is the production of homes for the average income market through the sale and construction of single family, semi-detached, and multiple units. The savings which result from large volume purchasing of materials, and the efficient organization of building operations, enable it to offer better quality accommodation at competitive prices, while maintaining gratifying earnings.

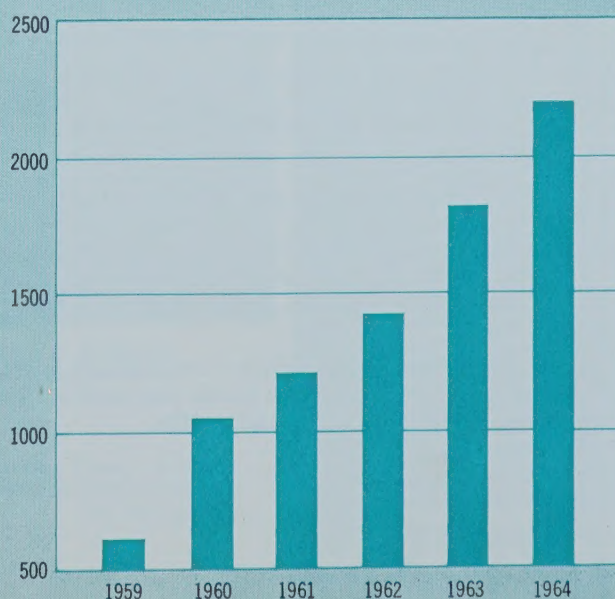
Residential construction is primarily financed through National Housing Act mortgages, and it is encouraging to note that in its 1963 Annual Report, Central Mortgage and Housing Corporation states that, *"the government has indicated its intention to introduce amendments to the National Housing Act in 1964, with emphasis on more housing for lower income families and a still greater measure of encouragement to the process of city growth and development."*

HOUSE SALES

Your Company's house sales for the fiscal period achieved an all-time record when compared not only to all previous periods, but also to the current sales of other housebuilding companies in Canada. Sales programs were conducted in 10 separate housing locations as

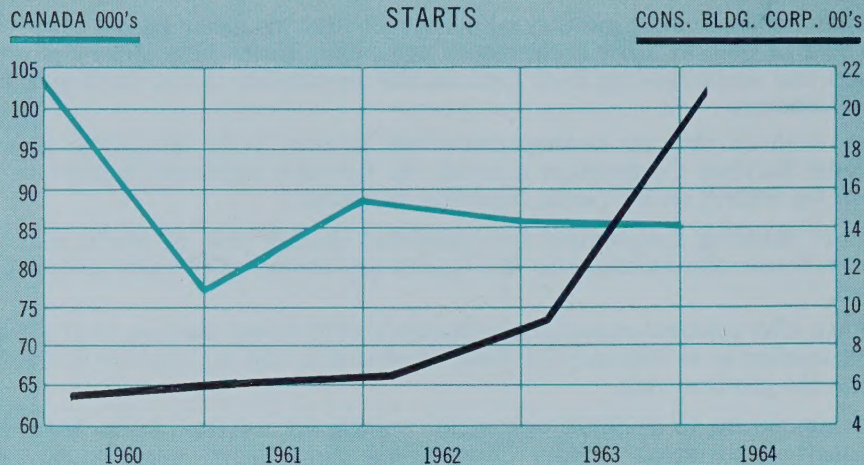
RECORD OF EARNINGS

Expressed in Thousands of Dollars

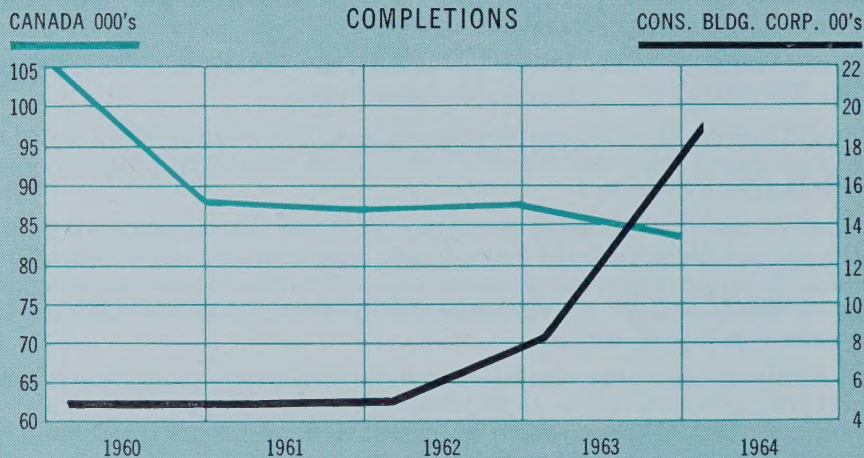


HOUSE-BUILDING ACTIVITY

COMPARISON OF DWELLING STARTS⁽¹⁾ FOR CANADA (ALL AREAS)⁽²⁾ AND FOR
CONSOLIDATED BUILDING CORPORATION LIMITED⁽³⁾



COMPARISON OF DWELLING COMPLETIONS⁽¹⁾ FOR CANADA (ALL AREAS)⁽²⁾ AND FOR
CONSOLIDATED BUILDING CORPORATION LIMITED⁽³⁾



- (1) Single-Detached and Semi-Detached Units
- (2) Source D.B.S. and C.M.H.C. Year ending December 31
- (3) Year ending last day of February

follows—*Ontario*: Bay Ridges, Don Valley Village, Humber Downs, Melody Village, Upper Canada Colony, York Towne Estates; *Quebec*: Ile Perrot—Treasure Island, Chambly West—Fort Laurier, Pierrefonds West; *British Columbia*: Richmond Gardens.

The accounts reflect profits from the sale of houses only after construction has been completed and full purchase moneys received in exchange for title deeds. During the year under review, our House Construction Division completed 1,946 housing units,—another all-time record.

Several present subdivisions, not yet completed, continue to contribute to our operations for the coming year. In addition to these and new locations in Toronto, Montreal and Vancouver where we are already well known and whole-heartedly accepted, the Company is entering residential markets in other Canadian cities such as Hamilton, London, Ottawa, Hull and Calgary. Thus, your Company is attaining a truly national scope in its activity.

We continue our policy of pre-selling: construction is started for the most part, only on specific units that have been sold to house purchasers. Speculation is therefore minimized in the planning of our production and profits.

APARTMENT DEVELOPMENT

Multiple dwellings of all types—maisonettes, townhouses and high-rise apartments—occupy a growing role in Canada's housing picture. Your Company has constructed apartments in Victoria, and at three locations in Toronto. These have proved highly successful, and as a result the Apartment Construction Division is engaged in an accelerated program during the coming year.

The Company constructs and operates apartments and other properties of an investment nature which are available for sale from time to time when, in the judgement of management, such sales are in the best interests of the Company.

High-rise apartment projects have already been announced for the City of Ottawa and at two locations in Toronto, in addition to continued townhouse construction at Parkchester in Don Valley Village, Toronto. Maisonette developments are currently under way at Richmond Gardens and at Bay Ridges.

Among the major apartments planned for the coming year is a twenty-one storey "Leisure Town" community in Don Valley Village, designed exclusively for the semi-retired and retired segment of our population. This is a pilot project which will serve as a pattern for similar enterprises in other parts of the country. Retirement housing, without government subsidy, is an unexplored and specialized field. Consolidated is proud to have initiated Canada's first prestige retirement community.

Your Directors regard the successes of the past year as stepping stones to the future. These accomplishments have validated the long-range thinking which is guiding your Company toward even further growth in annual earnings.

During the current year we expect a substantial increase in house sales and apartment construction. Current market surveys indicate a strong demand for residential housing, and your Company has scheduled an aggressive program to capture an increasing percentage of this expanding residential market.

Your Company has been strengthened by the addition of young and vigorous talent at all management levels, thereby providing an outstanding organization dedicated to the furtherance of Consolidated Building Corporation Limited.

We acknowledge with gratitude the loyalty and co-operation of all employees and associates whose efforts are reflected in the success of the Company's operations.

On behalf of the Board of Directors,

Noel Feldman President



Aerial view indicates construction progress in Richmond Gardens, the Company's first residential development in the Vancouver area.

Scale model of Leisure Town, a 21-storey Toronto apartment designed exclusively for the over 50s.



CONSOLIDATED BUILDING

CONSOLIDATED

FEBRUARY 29, 1964 (WITH COMPANIES)

ASSETS

	1964	1963
Cash - - - - -	\$ —	\$ 848,539
Accounts receivable - - - - -	16,302,389	8,099,775
Real estate held for development and sale (Note 2) - - - - -	11,751,741	11,791,925
Mortgages receivable - - - - -	1,869,544	1,253,704
Refundable deposits (Note 3) - - - - -	31,304	197,326
Prepaid expenses and sundry assets - - - - -	947,231	331,889
Deposits on land - - - - -	215,906	113,321
Land, buildings, equipment and leasehold improvements—at cost less accumulated depreciation of \$367,111 (1963—\$274,002) (Notes 2a and 4) - - - - -	7,540,079	3,588,762
Investment in and advances to Regency Towers Hotel Limited (Note 1) - - - - -	337,012	345,117
Investment in and advances to affiliated company - - - - -	14,264	189,966
Other investments—at cost - - - - -	17,500	69,397
Excess of cost of acquiring subsidiary shares - - - - -	13,250	—
Unamortized financing cost - - - - -	991,666	553,135
Organization expenses - - - - -	14,913	13,387
 TOTAL ASSETS - - - - -	 <u>\$40,046,799</u>	 <u>\$27,396,243</u>

Approved on Behalf of the Board of Directors

JOHN D. FIENBERG

NOEL ZELDIN

The accompanying notes and report of the company's auditors are an integral part of this financial statement.

CORPORATION LIMITED

ALANCE SHEET

VE FIGURES AT FEBRUARY 28, 1963)

LIABILITIES

	1964	1963
Bank indebtedness - - - - -	\$ 1,893,743	\$ —
Accounts payable and accrued liabilities - - - - -	7,551,856	3,309,797
Dividends payable - - - - -	261,756	44,100
Estimated liability for required construction and development costs for real estate sold (Note 5) - - - - -	2,404,515	2,724,056
Income taxes payable (Note 6) - - - - -	109,530	—
Real estate deposits - - - - -	5,850	30,058
Portion of long term debt due within one year (Note 7) - - - - -	2,072,054	1,177,192
Long term debt (Note 7) - - - - -	14,617,591	10,337,929
Deferred rental income - - - - -	61,467	23,462
Unrealized income - - - - -	859,453	1,224,607
TOTAL LIABILITIES - - - - -	<u>\$29,837,815</u>	<u>\$18,871,201</u>

SHAREHOLDERS' EQUITY

CAPITAL STOCK (Note 8)

Authorized	Issued			
988,100	288,100	First preference shares with a par value of \$10 each— issuable in series—6% cumulative redeemable prefer- ence shares—Series A - - - - -	\$ 2,881,000	\$ 2,940,000
6,000,000	3,642,348	Common shares—without par value - - - - -	2,228,329	1,917,809
PAID IN SURPLUS - - - - -			20,000	20,000
RETAINED EARNINGS - - - - -			5,079,655	3,647,233
			<u>\$10,208,984</u>	<u>\$ 8,525,042</u>
			<u>\$40,046,799</u>	<u>\$27,396,243</u>

Commitments (Note 9)

Contingent liabilities (Note 10)

Long term leases (Note 11)

of the Financial Statements and should be read in conjunction therewith.

The Company and a subsidiary have lodged letters of credit aggregating \$1,470,847 with municipalities as security for the fulfillment of their obligations under the subdivision agreements referred to in Note 9.

The Company has received a Federal income tax assessment in respect of the year ended February 28, 1961, claiming income taxes and interest payable in the amount of \$422,993. It is the opinion of the Board of Directors, based upon their knowledge of the facts and opinion of Tax Counsel, that the Company's Notice of Objection, which has since been filed disputing such assessment in its entirety should be sustained (see Note 6).

NOTE 11

At February 29, 1964, the Company had two leases in effect for its premises. These leases provide for present aggregate minimum annual rentals of approximately \$333,000 plus real estate taxes, insurance, maintenance and repairs which are payable by the Company. In the event that the gross rentals less real estate taxes on one of the properties exceed \$269,000, the Company will be required to pay one-third of the excess as additional rent. The Company has no obligations under any of these leases beyond the year 2060. Each lease contains an option to purchase the land and buildings.

NOTE 12

Directors' fees for the year ended February 29, 1964 amounted to \$18,000 (1963—\$4,500).

CONSOLIDATED STATEMENT OF SOURCE AND APPLICATION OF FUNDS

FOR THE YEAR ENDED FEBRUARY 29, 1964

SOURCE OF FUNDS

Net earnings	- - - - -	\$2,204,555	
Depreciation	- - - - -	108,475	
Increase in long term debt	- - - - -	4,279,662	
Proceeds of shares issued by exercising of share warrants	- -	310,520	\$6,903,212

APPLICATION OF FUNDS

Additions to land, buildings, equipment and leasehold improvements (See Note 2a)	- - - - -	3,842,842	
Purchase of preference shares for cancellation	- - - - -	49,974	
Dividends on preference shares	- - - - -	172,920	
Dividends on common shares	- - - - -	436,903	
Cost of acquiring subsidiary shares	- - - - -	14,250	
Financing costs	- - - - -	611,922	
Adjustment re prior years	- - - - -	8,485	5,137,296
INCREASE IN WORKING CAPITAL	- - - - -		<u>\$1,765,916</u>

